## **CONTRIBUTION FROM THE PHILIPPINES**

## **TO THE THEMATIC REPORT OF THE**

## **SPECIAL RAPPORTEUR ON HUMAN RIGHTS AND EXTREME POVERTY ON “JUST TRANSITION: PEOPLE IN POVERTY AND SUSTAINABLE DEVELOPMENT”**

The government of the Philippines is pleased to provide the following information, as provided by the **National Anti-Poverty Commission** (NAPC), in response to the call for contributions by the Special Rapporteur in his letter dated 13 May 2020:

**Laws and Policies in the Philippines relating to efforts on “Energy: The switch to renewable energy sources and improved energy efficiency” include:**

1. Renewable Energy Act of 2008 (RA 9513)[[1]](#footnote-1), which lays down the policy of government to accelerate the exploration and development of renewable energy resources; institutionalizing the development of national and local capabilities in the use of renewable energy systems (providing fiscal and non-fiscal incentives); and encourage the development and utilization of renewable energy sources;
2. Department of Energy (DOE) Department Circular DC2015-07-014, “Guidelines for Maintaining the Share of Renewable Energy in the Country”[[2]](#footnote-2);
3. DOE Department Circular DC2015-03-0001, “Promulgating the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the WESM”[[3]](#footnote-3);
4. (Updated) Philippine Energy Plan 2016-2030 (Department of Energy, DOE), *copy is attached*;
5. National Renewable Energy Program 2011-2030 (DOE-National Renewable Energy Board)[[4]](#footnote-4); and
6. Philippine Development Plan (PDP) 2017-2022 *Chapter 19* (Accelerating Infrastructure and Development)[[5]](#footnote-5).

The **Department of Energy - National Renewable Energy Board** is the main agency responsible in the monitoring, implementation, and assessment of these efforts.

**Status:**

**Energy sector-** As of 2015, 44.7% of Philippine Energy Supply comes from Renewable Energies and Natural Gas, with 7,013.9 MW of renewable energy, out of the potential 14,499.8 MW having been installed. The government is focused on increasing the household electrification level (which is currently at 89.61% or 20.36 million out of 22.72 million households), especially in Mindanao which stands at only 72.38% level. It is the policy of the Philippine Government to have an optimal energy mix that will provide maximum benefits at the most reasonable costs while safeguarding the sector from external shocks.

**Green Jobs**- The Department of Energy-National Renewable Energy Board also reported that about 138,947 jobs were generated between 2009-2017, in which about 133,409 jobs are under labor and construction while 5,539 jobs fall under organization and management.

**Capital influx**- About Php 34.039 Billion (approximately USD 688,467.00 million) has been invested for renewable energies for period 2009-2017.

**Responses to the questions of the Special Rapporteur:**

1. Energy: the switch to renewable energy sources and improved energy efficiency
   1. Which Policies have been effective to support workers who are affected by the transition to renewable energy?

Currently, there is no outright indication in the power sector labor force of displacement or negative impact in pursuing renewable energy. In fact, there is room for growth in the power sector for both renewable and non-renewable energy generation and distribution, given that the electrification level is only at 89.61%, with Mindanao at the lowest rate of 72.38%.

The Philippine Government, through the Philippine Development Plan and the Philippine Energy Plan 2016-2030 aims to achieve power reliability and growth through a mix of both renewable and non-renewable energy sources. For renewable energy, current programs include the Detailed Wind Resource Assessment Project with 40 pre-identified sites; Ocean energy Potential Resource Assessment; Development for Renewable Energy Applications Mainstreaming and Market Sustainability, which aims to strengthen national capacities by mainstreaming environment and energy concerns into national development plans and implementation systems; and Philippine-Japan Project for Introduction of Clean Energy Using Solar Power Generating System.

* 1. Which innovative fiscal and financial incentives can be relied on to reduce cost gaps between renewables and fossil fuel technologies, in order to make clean energy affordable to all?

We believe that the Renewable Energy Act of 2008 aptly provides the basis for incentives for renewable energy projects and activities. Specifically, Section 15 of the law provides for these incentives, including Income Tax Holidays, Duty-free importation of machineries, equipment and materials, and cash incentive of renewable energy developers for missionary electrification, among others.

* 1. Decentralized deployment of mini-grid and off-grid renewable energy systems in collaboration with local communities – viability, obstacles, and inspirational cases.

The Department of Energy has been implementing locally-funded projects entitled **“Detailed Resource Assessment of Selected Low-Enthalpy Geothermal Areas in the Philippines”** and **“Comprehensive Resource Assessment of Philippine Low-Enthalpy Geothermal Areas”**, which facilitate and assess the realization of the economic feasibility of small-scale geothermal power projects for local power needs. As of 2015, there are also **286 Small Island and Isolated Grids** (areas that are not connected to the main national grids) across the country with a total rated capacity of 406 MW supplied by about 320 small power plants managed by either government or the private sector. Detailed information may be acquired from the Department of Energy.

Moreover, assessments conducted by Sibol ng Agham at Teknolohiya Inc. (SIBAT, Inc.), which the NAPC had partnered with in recent years in nine (9) Community-Based Renewable Energy System (CBRES) projects in Luzon, found that renewable mini-grid and off-grid systems are **effective in the hands of organized and capacitated communities**. The **socio-economic benefits to households go beyond the mere provision of electricity**. The **micro-hydropower systems (MHPs) were also used to mechanically power their post-harvest facilities** (e.g. rice and corn mills) which helped them **save time and money**. Prior to the installation of the micro-hydro system, farmers spent more on transportation costs and other milling expenses.

Another benefit of the MHPs is on **irrigation**. Excess water from the power canals can be directed toward rice fields that can facilitate rice farming even in dry seasons. In other words, it can **add another cropping season to rice farmers that increases their income in a year**. The increase in their income **makes the tariffs and fees**, which were set by the community for the system’s management and operations, **bearable**.

As to the capital cost of the MHPs, based on the assessment, it ranges from about Php3,000,000 to about Php5,000,000 (approximately USD59,007 to USD98,346) depending on the design capacity. In other words, the more households the system will benefit, the more kW is needed from the system, and the more capital cost it incurs. The **low capital cost of the renewable energy systems can be attributed to the local sourcing of labor and materials**, as these community-based technologies encourage men and women in the community to contribute and participate in the construction and management of the MHPs. Indirectly, this process also **fosters the ownership of the community** to the renewable energy systems that greatly contributed to the sustainability of the project.

In terms of **environmental protection**, the assessment document also tells us that **trainings** on watershed planning and management, agro-forestry system, and mapping of existing wildlife and indigenous forest species are an integral part of the MHPs. These trainings **enhanced their environmental awareness**, and **reinforced the indigenous practices on forest protection** – penalties on water contamination were agreed upon by the community. The **electrification** of their communities also led to the **reduced cutting of pine pithwood trees** that were traditionally used for lighting. The preservation of the trees, in turn, **ensures a good supply of water** for the MHPs and the community.

1. Housing: encouraging energy performance of buildings. Which tools have proven successful to ensure that the imposition of higher standards related to the energy performance of buildings does not lead to an increased level of rents, making housing less affordable for low-income households?

Republic Act 9653 or the Rent Control Act of 2009 provides the Housing and Urban Development Coordinating Council (HUDCC) as the government agency authorized to regulate rent. An initial review of the programs of HUDCC as well as studies from the Philippine Institute of Development Studies (PIDS) up to 2016 does not incorporate energy performance of buildings and its relation to the level of rents and its affordability.

1. Planned obsolescence and life cycle of products
   1. Ways to combat planned or “built in” obsolescence of products.

Republic Act No. 7394 or the Consumer Act of the Philippines provides the legal protection against deceptive, unfair and unconscionable sales acts and practices, among others. This law provides for protection of consumers and their rights and provisions of warranties as well as the establishment of a National Consumer Affairs Council, which consists of agencies namely: Department of Trade and Industry, Department of Education, Department of Health and the Department of Agriculture. The Council rationalizes and coordinates the functions of government regulatory agencies charged with consumer programs and enforcement of consumer-related laws. Currently there are no laws or policies that specifically target built-in obsolescence of products.

* 1. Long-life vs short-life products.

There are no laws or policies that define and regulate the life of products other than RA 7394 or the “Consumer Act of the Philippines”.

However, it is worth noting that, relative to other income groups, the poor spend very little of their income on such goods as may be characterized as having “long-life” alternatives. According to the 2018 Family Income and Expenditure Survey (FIES) by the Philippine Statistics Authority (PSA), among the major expenditure groups which may be reasonably assumed to include such goods, the bottom 30 percent of Filipino families spend the following as a percentage of their income:

* clothing and footwear (2.3 percent);
* furnishings and routing household maintenance (2.0 percent);
* miscellaneous goods and services (5.3 percent); and
* durable furniture and equipment (1.6 percent), totaling 11.2 percent.

The top 70 percent, meanwhile, spend a total of 15.6 percent on the same expenditure groups out of far-higher incomes. As such, any meaningful national effort towards responsible consumption and production should primarily seek to change the consumption practices of middle and high-income groups.

Nevertheless, relative to the poor, an obvious (and obviously beneficial in many ways) answer would be to increase their disposable incomes, which the government could do by increasing wages, redistributing assets, and expanding social services and social protection, among other measures. Of course, increasing incomes does not by itself guarantee that the poor will opt for long-life products; this needs to be complemented by such measures as subsidies and preferential advantages for the domestic production of long-life products; liberalized payment schemes, as are already prevalent in the Philippines for such items as large appliances and motorcycles; and, overall, a concerted campaign by government, to promote the advantages of purchasing long-life products, both in economic and environmental terms. Like most everyone, the poor respond to markets in a rational manner; they may be willing to spend more, should prices be relatively close, when the advantages for doing so are clear-cut.

* 1. Functional economy and sharing economy (collaborative consumption).

The Philippine government supports a sharing economy and collaborative consumption by providing shared service facilities in production projects of the Department of Trade and Industry as well as ensuring that farming machineries provided by the Department of Agriculture are given to organizations (and not individuals).

1. Impacts of the transition on employment
   1. Exclusion of poor (landless poor and small holders) in Payments for ecosystem services (PES) schemes.

The Philippines has a rich history and experience in community-based protection of forests and ecosystems. The Office of the Presidential Adviser for the Peace Process (OPAPP) together with the Department of Natural Resources (DENR), the Armed Forces of the Philippines (AFP), and other local and national government agencies includes the hiring of rebel returnees as forest rangers to protect forest lands. Through Certificates of Ancestral Domain Titles, coupled with programs under the National Commission on Indigenous Peoples and DENR, Indigenous People in the country are assured security of their ancestral land as well as assistance in cultivating and protecting its nature and heritage. The Philippines also has an agrarian reform law which provides ownership of agricultural lands for small farmers.

* 1. New skills for workers for green restructuring.

With the green transformation of the Philippine economy, as well as the country’s commitment to mainstream green jobs, the Technical Education and Skills Development Authority (TESDA) has led the way in implementing the greening of the Technical and Vocational Education and Training Sector through the greening of training regulations as well as in various programs and initiatives of its Green Technology Center. Currently, there are 20 training regulations that have “green” competency components. Attached is a report of TESDA on its green program. ***END***

1. Renewable Energy Act of 2008 (RA 9513) is available online at <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/> [↑](#footnote-ref-1)
2. DOE Department Circular DC2015-07-014 is available online at <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc_2015-07-0014.pdf> [↑](#footnote-ref-2)
3. DOE Department Circular DC2015-03-0001 is available online at <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2015-03-0001.pdf> [↑](#footnote-ref-3)
4. Available online at <https://www.doe.gov.ph/sites/default/files/pdf/announcements/iloilo-a-bs3-01-nrep-overview-2018-epower.pdf> [↑](#footnote-ref-4)
5. Full PDP 2017-2022 is available online at <http://www.neda.gov.ph/wp-content/uploads/2017/12/Abridged-PDP-2017-2022_Final.pdf> [↑](#footnote-ref-5)